

OELWEIN COMMUNITY SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2012

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# Oelwein Community School District

## Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
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### Board of Education (Before September 2011 Election)

Candace King	President	2011
Charlene Stocker	Vice-President	2013
Cindy Wilharm	Board Member	2013
Kathy Adams (Resigned June 2011)	Board Member	2011
David Eick	Board Member	2011
David Schmidt	Board Member	2013
Dana Bostian	Board Member	2013
Travis Bushaw	Board Member	2011

### Board of Education (After September 2011 Election)

Candace King	President	2014
Charlene Stocker	Vice-President	2013
Cindy Wilharm	Board Member	2013
David Eick	Board Member	2014
David Schmidt	Board Member	2013
Dana Bostian	Board Member	2013
Erin Ryan	Board Member	2014

### School Officials

Steve Westerberg	Superintendent	2012
Joan Loew	District Sec/Treas & Business Manager	2012
Ahlers Law Firm	Attorney	Indefinite



James R. Ridihalgh, C.P.A.  
Gene L. Fuelling, C.P.A.  
Donald A. Snitker, C.P.A.

14 East Charles St, PO Box 639  
Oelwein, IA 50662  
(319)283-1173  
Fax (319)283-2799

Independent Auditor's Report

To the Board of Education of  
Oelwein Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Oelwein Community School District, Oelwein, Iowa, as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Oelwein Community School District as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our reports dated November 28, 2012 on our consideration of the Oelwein Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 16 and 47 through 50 be presented to supplement the basic financial statements. Such information, although



not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Oelwein Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2011 (which are not presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 7, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying account and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Ridihalgh, Fuelling, Snitker, Weber & Co., P.C.*

Ridihalgh, Fuelling, Snitker, Weber & Co., P.C.  
Certified Public Accounts

November 28, 2012

## **Oelwein Community School District**

### **Management Discussion and Analysis**

Oelwein Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2012. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

#### **2012 Financial Highlights**

- The District increased its tax levy rate from \$16.32 (per thousand of taxable valuation) in fiscal year 2011 to \$16.46 for fiscal year 2012 an increase of \$.14 (per thousand of taxable valuation). This was due mainly to an increase in the management fund levy.
- General Fund revenues increased \$752,040 from \$13,772,596 in fiscal year 2011 to \$14,524,636 in fiscal year 2012, while General Fund expenditures decreased from \$13,007,352 in fiscal year 2011 to \$12,567,735 in fiscal year 2012. The increase in revenues was due to Medicaid claiming reimbursement, special education tuition-in revenue and the use of Ed Jobs deferred revenues. Expenditure reductions were made in the areas of instruction, building administration, and AEA flow through.
- The District experienced growth when student enrollment increased to a total of 1,321 students as of the October 1, 2011 count date.
- The District ended fiscal year 2012 with a positive special education balance due to Medicaid claiming for the current and previous years expenditures.

#### **Using This Annual Report**

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Oelwein Community School District as a whole and present an overall view of the District's finances.



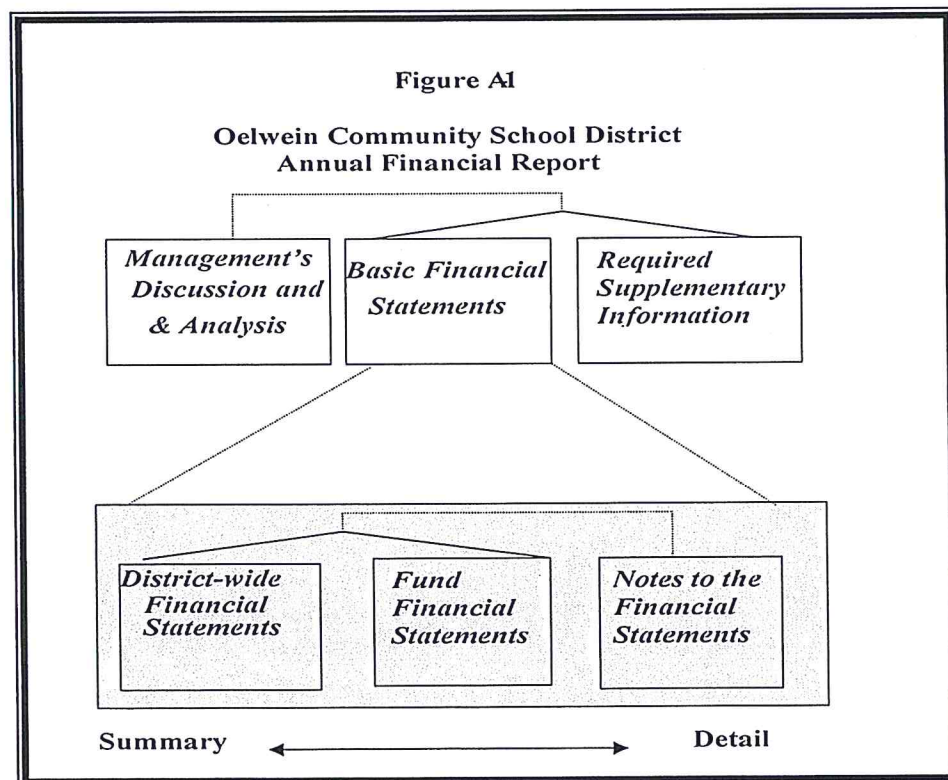
The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Oelwein Community School District's operations in more detail than the government-wide financial statements by providing information about the most significant funds.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplemental Information further explains and supports the financial statements with a comparison of the District's budget for the year.

Supplementary Information provides detailed information about the nonmajor governmental funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the district.

Figure A-1 shows how the various parts of this annual report are arranged and related to one another.





<b>Figure A-2: Major Features of the District-Wide and Fund Financial Statements</b>				
	<i>Government-wide Statements</i>	<i>Fund Financial Statements</i>		
		<i>Governmental Funds</i>	<i>Proprietary Funds</i>	<i>Fiduciary Funds</i>
<i>Scope</i>	<i>Entire District (except fiduciary funds)</i>	<i>The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance</i>	<i>Activities the district operates similar to private businesses: food services is included here</i>	<i>Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies</i>
<i>Required financial statements</i>	<ul style="list-style-type: none"> <li>• <i>Statement of net assets</i></li> <li>• <i>Statement of activities</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Balance sheet</i></li> <li>• <i>Statement of revenues, expenditures, and changes in fund balances</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Statement of net assets</i></li> <li>• <i>Statement of cash flows</i></li> <li>• <i>Statement of revenues, expenses &amp; changes in fund assets</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Statement of fiduciary net assets</i></li> <li>• <i>Statement of changes in fiduciary net assets</i></li> </ul>
<i>Accounting Basis and measurement focus</i>	<i>Accrual accounting and economic resources focus</i>	<i>Modified accrual accounting and current financial focus</i>	<i>Accrual accounting and economic resources focus</i>	<i>Accrual accounting and economic resources focus</i>
<i>Type of asset/liability information</i>	<i>All assets and liabilities, both financial and capital, short-term and long-term</i>	<i>Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included</i>	<i>All assets and liabilities, both financial and capital, and short-term and long-term</i>	<i>All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can</i>
<i>Type of inflow/outflow information</i>	<i>All revenues and expenses during year, regardless of when cash is received or paid</i>	<i>Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter.</i>	<i>All revenues and expenses during the year, regardless of when cash is received or paid</i>	<i>All additions and deductions during the year, regardless of when cash is received or paid</i>

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

## Reporting The District's Financial Activities

### *Government-wide Financial Statements*

The Government-wide statements report information about the District as a whole using accounting methods similar to those used by private sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's *net assets* and how they have changed. Net assets – the difference between the District's assets and liabilities – is one way to measure the District's financial health or financial position.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school building and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business-type activities:* The District charges fees to help cover the costs of certain services it provides. The District's food service program would be included here.

### *Fund Financial Statements*

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes, (such as repaying its long-term debts and accounting for student activity funds) or to show that it is properly using certain revenues (such as federal grants).

The District has three kinds of funds:

- *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial



resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.

The District's governmental funds include the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund.

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

- *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's enterprise fund, one type of proprietary fund, is the same as its business-type activities but provides more detail and additional information, such as cash flows. The District's Enterprise Fund is the School Nutrition Fund. *Internal service funds*, (the other kind of proprietary fund) are optional and available to report activities that provide supplies and services for other District programs and activities. At this time the District chooses not to use any internal service funds.

The required financial statements for proprietary funds include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Fund Net Assets and a Statement of Cash Flows.

- *Fiduciary funds:* The District is the trustee, or fiduciary, for assets that belong to others, such as a scholarship fund. The District accounts for outside donations to specific District schools for specific purposes in this fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.



## Financial Analysis of the District as a Whole

*Net assets.* Figure A-3 below provides a summary of the District's net assets for the year ended June 30, 2012 compared to June 30, 2011.

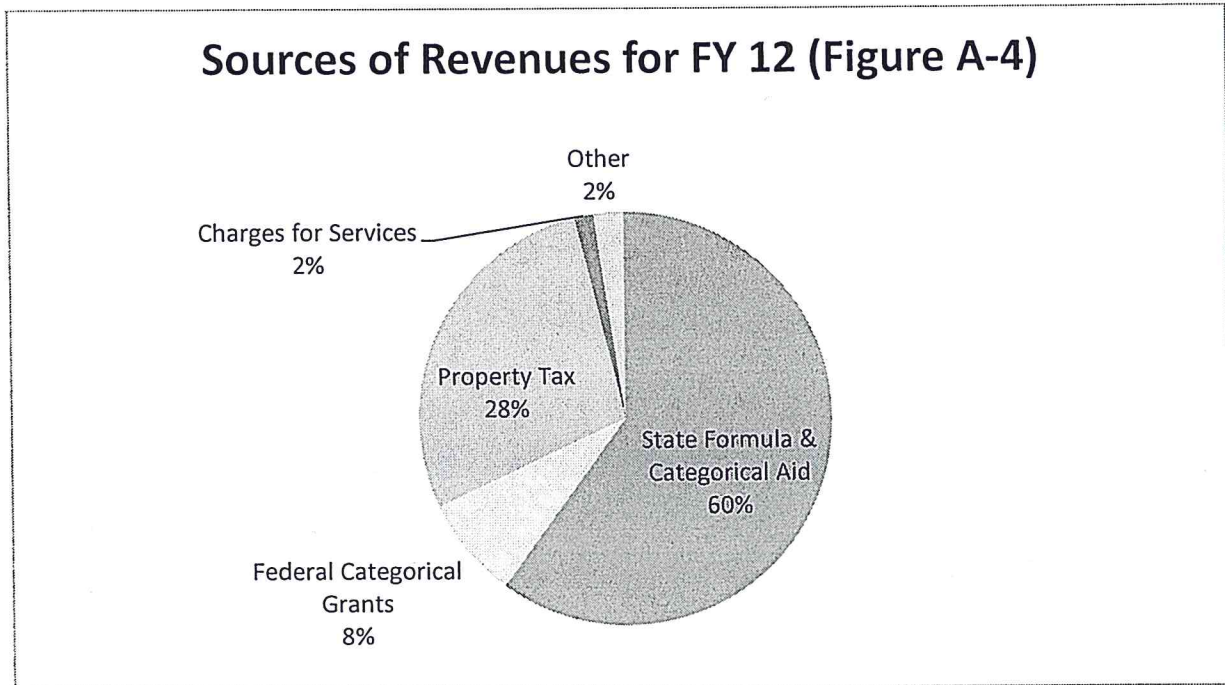
**Figure A-3**

**Condensed Statement of Net Assets (in thousands of dollars)**

	Governmental Activities		Business-type Activities		Total School District	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Current and other assets	13,961	11,995	159	162	14,120	12,158
Capital assets	12,090	12,015	36	39	12,127	12,053
<b>Total assets</b>	<b>26,051</b>	<b>24,010</b>	<b>195</b>	<b>201</b>	<b>26,247</b>	<b>24,211</b>
Long-term debt outstanding	2,026	1,832	0	4	2,026	1,836
Other liabilities	6,326	6,972	4	4	6,531	6,975
<b>Total liabilities</b>	<b>8,352</b>	<b>8,804</b>	<b>4</b>	<b>8</b>	<b>8,557</b>	<b>8,811</b>
Net assets						
Invested in capital assets, net of related debt	10,551	10,221	36	39	10,587	10,260
Restricted	3,922	3,180	-	-	3,922	3,180
Unrestricted	3,025	1,806	154	154	3,180	1,960
<b>Total net assets</b>	<b>17,498</b>	<b>15,207</b>	<b>190</b>	<b>193</b>	<b>17,689</b>	<b>15,400</b>

Note: totals may not add due to rounding.

General Fund revenues increased in FY 2012 over FY 2011. (Figure A-4)



Total General Fund categories decreased expenditures from \$13,007,352 in FY11 to \$12,567,735 in FY12. Instruction percentage was 71% (Figure A-5)

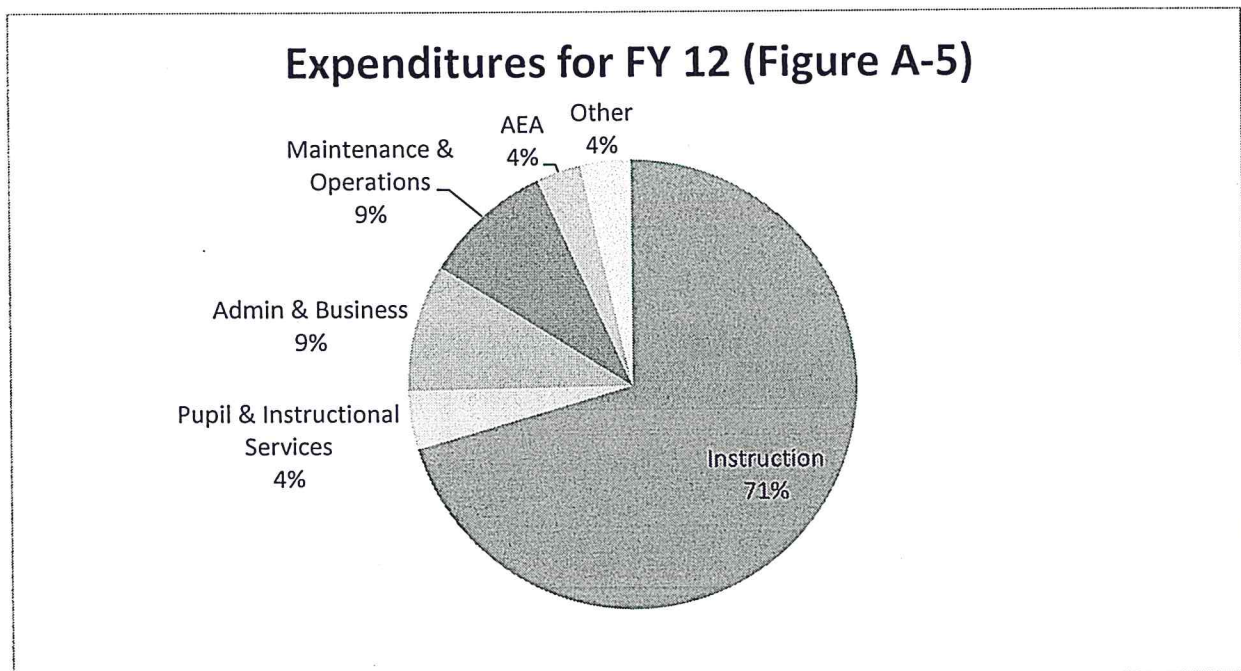


Figure A-6 presents the cost of the District's major activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and other as compared to FY 2011 costs.

**Figure A-6**  
**Net Cost of Governmental Activities**

	<b>Total Cost of Services <u>2012</u></b>	<b>Total Cost Of Services <u>2011</u></b>
Instruction	10,427.50	10,159,620
Pupil & Instructional Services	625,375	646,600
Administrative & Business	1,346,350	1,545,336
Maintenance & operations	1,388,236	1,247,324
Transportation	453,905	410,710
Other	558,409	640,081
<b>Total</b>	<b>14,799,845</b>	<b>14,649,671</b>

Note: totals may not add due to rounding.

- The cost of all governmental activities this year was \$14,799,845.
- The Federal governments subsidized certain programs with grants and contributions of \$1,179,413. The non-federal portion of governmental activities was financed with property tax, state aid based on the statewide finance formula and the remainder with state grants, contributions, tuitions and other revenues.
- Most of the District's costs, however, were financed by District property tax payers and state taxpayers.

### **Business-Type Activities**

Revenues of the District's business-type activities during the year ended June 30, 2012 were \$714,007 and expenses were \$715,925. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

### **Individual Fund Analysis**

As noted earlier, the Oelwein Community Schools uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported combined fund balances of \$7,443,320 an increase over last year's ending fund balances of \$5,037,301. The majority of the combined fund balance increase was in the Capital Projects Fund and the General Fund.



## **Governmental Fund Highlights**

- The District's General Fund financial position is the result of many factors. Revenues increased while expenditures decreased from the previous year. The District's General Fund revenues exceeded expenditures which resulted in an increase in the General Fund balance from \$2,247,915 in FY 11 to \$4,204,816 in FY 12. The majority of the increase consisted of \$286,000 of deferred revenues from federal Ed Jobs and \$219,000 of Medicaid claiming for current and prior year. Additionally, expenditures decreased as the District reaped the savings of the prior years early retirement incentive.
- The District ended fiscal 2012 with a Capital Projects Fund balance of \$2,317,802 compared to a fiscal 2011 balance of \$1,942,216. These revenues were used for the repayment of the revenue bonds, new tennis courts as well as capital project improvements at the high school.

## **Proprietary Fund Highlights**

The School Nutrition Fund net assets decreased from \$201,276 at June 30, 2011 to \$195,590 at June 30, 2012, representing a decrease of \$5,686. The district monitors the cost of food and production versus the governmental reimbursement received to determine the appropriate price of meals. Additionally, the district raised the student lunch prices ten cents as required by the National School Lunch program guidelines.

## **Budgetary Highlights**

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except its private-purpose trust fund. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on an accrual basis. A schedule showing the original amounts compared to the District's actual financial activity is included in the required supplementary information section of this report.

## **Legal Budgetary Highlights**

The District's total actual receipts were less than the total budgeted receipts. The most significant change resulted in receiving less revenue from various components of state sources and more revenue from local and federal sources than anticipated.

Total expenditures were less than budgeted due primarily to the District's budget for Instruction and Support Services in the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should not exceed the actual expenditures during the year. District expenditures did not exceed the certified budget.

## Capital Asset and Debt Administration

### Capital Assets

At June 30, 2012, the District had invested \$12 million, net of accumulated depreciation, in a broad range of assets, including school buildings, administrative office, athletic facilities, transportation equipment, computer and audio-visual equipment.

(See Figure A-7) Total depreciation expense for the year was \$695,129.

**Figure A-7**

#### Capital Assets (net of depreciation, in thousands of dollars)

	Governmental Activities		Business-type Activities		Total School District	
	2012	2011	2012	2011	2012	2011
Land	879	879			879	879
Buildings	10,320	10,232			10,320	10,232
Equipment & Furniture	892	904	36	39	928	943
<b>Total</b>	<b>12,091</b>	<b>12,015</b>	<b>36</b>	<b>39</b>	<b>12,127</b>	<b>12,054</b>

### Long-Term Debt

At year-end, the District had \$2,026,338 in QZAB bonds, sales tax revenue bonds, and other post-employment benefits (OPEB) outstanding. This represents an increase from the previous fiscal year as can be seen in Figure A-8 below. Updated OPEB calculations were provided by the District's insurance trust actuary. More detailed information about the District's long-term liabilities is available in the notes to the financial statements.

**Figure A-8**

#### Outstanding Long-Term Debt (expressed in thousands)

	2012	Total School District 2011
General Obligation Bonds	0	0
Notes Payable	0	0
Revenue Bonds	530	780
Revenue Bonds-QZAB	1,000	1,000
Net OPEB Liability	496	51
<b>Total</b>	<b>2,026</b>	<b>1,831</b>

The District had outstanding indebtedness at June 30, 2012 of \$530,000 of an original \$1,900,000 revenue bond issued on July 1, 2005. On November 15, 2007, the district sold \$1,000,000 in Qualified Zone Academy revenue bonds to fund a geothermal system at the Wings Park Elementary School. The District had total outstanding revenue bonded indebtedness at June 30, 2012 of \$1,530,000.

As of June 30, 2012 the District did not exceed its legal debt margin.



## **Economic Factors Bearing on the District's Future**

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial health in the future:

- District enrollment in fiscal year 2012-2013 decreased approximately 37 students to 1,285 students in total budgeted enrollment. Under Iowa's school funding formula, District funding is highly dependant upon District enrollments. This reduction equates to an approximate decrease of \$220,000 for fiscal year 2013-2014 based on two percent allowable growth.
- District special education weighted enrollment in fiscal year 2012-2013 decreased by nearly 32. This reduction amounts to approximately \$192,000 in decreased funding. The District will continue to file for Federal Medicaid reimbursement and monitor special education expenditures.
- The District spends approximately 77% of its General Fund expenditures on staffing. IPERS employer contribution rates will increase by .26% to an employer contribution rate of 8.93% beginning July 1, 2013. The district anticipates an increase in insurance premiums for 2013 as well. Settlements in excess of "new money" or allowable growth in state funding will have an adverse effect on the District's General Fund budget and related fund balance.
- The State of Iowa approved 2% allowable growth for fiscal year 2013. The District is scheduled to meet with legislators to encourage increased allowable growth for fiscal year 2014.
- Future District capital project fund (CPF) expenditures include the addition of a new softball field at an architect's estimated cost of \$500,000, bids are planned to be let in the Spring of 2013. Preparation has begun to implement 1 to 1 laptop computers for each 6<sup>th</sup> grader during the 2013/2014 school year. CPF expenditures of \$250,000 per year are anticipated as the laptops are implanted for 6<sup>th</sup> thru 12<sup>th</sup> grades the following year.

## **Contacting the District's Financial Management**

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability of the money it receives. If you have questions about this report or need additional financial information, contact Joan Loew, SBO, Business Manager, Oelwein Community School District, 307 Eighth Avenue S.E., Oelwein, IA 50662.



Oelwein Community School District  
Statement of Net Assets  
June 30, 2012

	Governmental Activities	Business Type Activities	Total
<b>Assets</b>			
Cash and cash equivalents:			
ISCAP (note 5)	\$ -	-	-
Other	8,718,196	144,767	8,862,963
Receivables:			
Property tax:			
Delinquent	81,303	-	81,303
Succeeding year	4,871,532	-	4,871,532
Accrued interest:			
ISCAP (note 5)	-	-	-
Other	-	-	-
Accounts	289,299	-	289,299
Inventories	-	14,445	14,445
Capital assets, net of accumulated depreciation (note 6)	12,090,769	36,378	12,127,147
Total assets	26,051,099	195,590	26,246,689
<b>Liabilities</b>			
Accounts payable	387,917	392	388,309
Salaries and benefits payable	1,256,047	-	1,256,047
Accrued interest payable	9,410	-	9,410
Deferred revenue-succeeding year property tax	4,871,532	-	4,871,532
Deferred revenue-other	1,514	-	1,514
ISCAP warrants payable (note 5)	-	-	-
ISCAP accrued interest payable (note 5)	-	-	-
Long-term liabilities (note 7):			
Portion due within one year:			
Revenue bonds payable	260,000	-	260,000
Portion due after one year:			
Revenue bonds payable	1,270,000	-	1,270,000
Net OPED liability	496,338	4,174	500,512
Total Liabilities	8,552,758	4,566	8,557,324
<b>Net Assets</b>			
Invested in net assets, net of related debt	10,551,359	36,378	10,587,737
Restricted for:			
Categorical funding	683,233	-	683,233
Debt service	799,367	-	799,367
Management levy purposes	194,238	-	194,238
Student Activities	456,962	-	456,962
School infrastructure	1,170,092	-	1,170,092
Physical plant and equipment	617,763	-	617,763
Unrestricted	3,025,327	154,646	3,179,973
Total net assets	\$ 17,498,341	191,024	17,689,365

See notes to financial statements

Oelwein Community School District  
Statement of Activities  
Year ended June 30, 2012

Functions/Programs	Expenses	Program Revenues	
		Charges for Service	Operating Grants, Contributions and Restricted Interest
<b>Governmental activities:</b>			
Instruction:			
Regular instruction	6,245,056	-	-
Special instruction	2,896,207	-	-
Other instruction	1,286,307	-	-
	<u>10,427,570</u>	<u>-</u>	<u>-</u>
Support services:			
Student services	278,264	-	-
Instructional staff services	347,111	-	-
Administration services	431,106	-	-
School Administration	579,219	-	-
Business	336,025	-	-
Operation and maintenance of plant services	1,388,236	-	-
Transportation services	453,905	-	-
	<u>3,813,866</u>	<u>-</u>	<u>-</u>
Non-instructional programs	<u>-</u>		
Other expenditures:			
Long-term debt interest	19,570	-	-
AEA flowthrough	538,839	-	538,839
	<u>558,409</u>	<u>-</u>	<u>538,839</u>
Total governmental activities	14,799,845	-	538,839
<b>Business-Type activities:</b>			
Non-instructional programs:			
Nutrition services	715,935	270,207	443,800
<b>Total</b>	<u>15,515,780</u>	<u>270,207</u>	<u>982,639</u>
<b>General Revenues:</b>			
Property tax levied for:			
General purposes			
Debt service			
Special revenue			
Tuition			
Unrestricted state grants			
Federal grants			
Other			
Total general revenues			
Change in net assets			
Net assets beginning of year			
Net assets end of year			

See notes to financial statements

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-type activities	Total
(6,245,056)	-	(6,245,056)
(2,896,207)	-	(2,896,207)
(1,286,307)	-	(1,286,307)
(10,427,570)	-	(10,427,570)
-	-	-
(278,264)	-	(278,264)
(347,111)	-	(347,111)
(431,106)	-	(431,106)
(579,219)	-	(579,219)
(336,025)	-	(336,025)
(1,388,236)	-	(1,388,236)
(453,905)	-	(453,905)
(3,813,866)	-	(3,813,866)
-	-	-
-	-	-
(19,570)	-	(19,570)
-	-	-
(19,570)	-	(19,570)
-	-	-
(14,261,006)	-	(14,261,006)
-	(1,928)	(1,928)
(14,261,006)	(1,928)	(14,262,934)
5,897,913	-	5,897,913
-	-	-
-	-	-
213,136	-	213,136
8,194,061	-	8,194,061
1,179,413	-	1,179,413
1,068,252	-	1,068,252
16,552,775	-	16,552,775
2,291,769	(1,928)	2,289,841
15,206,572	192,952	15,399,524
17,498,341	191,024	17,689,365

See notes to financial statements



## Oelwein Community School District

Balance Sheet  
Governmental Funds

June 30, 2012

	General	Debt Service	Capital Projects	Nonmajor	Total
<b>Assets</b>					
Cash and pooled investments	5,274,007	269,502	2,378,407	796,280	8,718,196
Receivables:					
Property tax:					
Delinquent	70,777	-	4,006	6,520	81,303
Succeeding year	3,921,842	-	449,690	500,000	4,871,532
Accounts	289,299	-	-	-	289,299
Accrued Interest	-	-	-	-	-
Due from other funds	-	-	-	-	-
Due from other governments	-	-	-	-	-
<b>Total assets</b>	<b>9,555,925</b>	<b>269,502</b>	<b>2,832,103</b>	<b>1,302,800</b>	<b>13,960,330</b>
<b>Liabilities and Fund Balances</b>					
Liabilities:					
Accounts payable	323,306	-	64,611	-	387,917
Salaries and benefits payable	1,104,447	-	-	151,600	1,256,047
Due to other governments	-	-	-	-	-
Due to other funds	-	-	-	-	-
Deferred revenue:					
Succeeding year property tax	3,921,842	-	449,690	500,000	4,871,532
Other	1,514	-	-	-	1,514
<b>Total liabilities</b>	<b>5,351,109</b>	<b>-</b>	<b>514,301</b>	<b>651,600</b>	<b>6,517,010</b>
Fund balances:					
Reserved for:					
Categorical funding	683,233	-	-	-	683,233
Debt service	-	269,420	529,947	-	799,367
Management levy purposes	-	-	-	194,238	194,238
Student Activities	-	-	-	456,962	456,962
School infrastructure	-	-	1,170,092	-	1,170,092
Physical plant and equipment	-	-	617,763	-	617,763
Committed for future equipment purchases	-	-	-	-	-
Unassigned	3,521,583	82	-	-	3,521,665
<b>Total fund balances</b>	<b>4,204,816</b>	<b>269,502</b>	<b>2,317,802</b>	<b>651,200</b>	<b>7,443,320</b>
<b>Total liabilities and fund balances</b>	<b>\$ 9,555,925</b>	<b>269,502</b>	<b>2,832,103</b>	<b>1,302,800</b>	<b>13,960,330</b>

See notes to financial statements

## Oelwein Community School District

Reconciliation of the Balance Sheet-Governmental Funds  
to the Statement of Net Assets

June 30, 2012

Total fund balances of governmental funds (page 20) \$ 7,443,320

*Amounts reported for governmental activities in the  
statement of net assets are different because:*

Capital assets used in governmental activities are not  
financial resources and, therefore, are not reported as  
assets in the governmental funds. 12,090,769

Accrued interest payable on long-term liabilities is not due  
and payable in the current period and, therefore, is not  
reported as a liability in the governmental funds. (9,410)

Long-term liabilities, including bonds payable and compensated  
absences, are not due and payable in the current period and,  
therefore, are not reported as liabilities in the governmental  
funds. (2,026,338)

Net assets of governmental activities (page 17) \$ 17,498,341

See notes to financial statements.

See notes to financial statements

## Oelwein Community School District

## Statement of Revenues, Expenditures and Changes in Fund Balance

## Governmental Funds

Year ended June 30, 2012

	General	Debt Service	Capital Projects	Nonmajor	Total
<b>Revenues:</b>					
Local sources:					
Local tax	\$4,079,102	-	1,468,974	349,837	5,897,913
Tuition	213,136	-	-	-	213,136
Other	345,594	59	191,546	531,053	1,068,252
State sources	8,732,391	-	193	316	8,732,900
Federal sources	1,154,413	-	25,000	-	1,179,413
Total revenues	14,524,636	59	1,685,713	881,206	17,091,614
<b>Expenditures:</b>					
Current:					
Instruction:					
Regular instruction	5,025,657	-	33,318	143,148	5,202,123
Special instruction	2,895,567	-	-	-	2,895,567
Other instruction	820,165	-	-	466,142	1,286,307
	8,741,389	-	33,318	609,290	9,383,997
Support services:					
Student services	278,264	-	-	-	278,264
Instructional staff services	347,111	-	-	-	347,111
General administration services	258,281	-	55,248	115,854	429,383
School administration	664,868	-	-	-	664,868
Business	336,025	-	-	-	336,025
Operation and maintenance of plant services	1,025,248	-	290,043	88,158	1,403,449
Transportation services	377,710	-	86,708	-	464,418
	3,287,507	-	431,999	204,012	3,923,518
Non-instructional programs	-	-	-	-	-
Other expenditures:					
Facilities acquisition	-	-	565,421	-	565,421
Long-term debt:					
Principal	-	250,000	-	-	250,000
Interest and fiscal charges	-	23,820	-	-	23,820
AEA flowthrough	538,839	-	-	-	538,839
	538,839	273,820	565,421	-	1,378,080
Total expenditures	12,567,735	273,820	1,030,738	813,302	14,685,595
Excess (deficiency) OF revenues over (under) expenditures	1,956,901	(273,761)	654,975	67,904	2,406,019
Other financing sources (uses):					
Revenue bonds issued	-	-	-	-	-
Operating transfers in	-	279,389	-	-	279,389
Operating transfers out	-	-	(279,389)	-	(279,389)
Total other financing sources (uses)	-	279,389	(279,389)	-	-
Net change in fund balances	1,956,901	5,628	375,586	67,904	2,406,019
Fund balances beginning of year	2,247,915	263,874	1,942,216	583,296	5,037,301
Fund balances end of year	\$4,204,816	269,502	2,317,802	651,200	7,443,320

See notes to financial statements



## Oelwein Community School District

Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances-Governmental Funds  
to the Statement of Activities

Year ended June 30, 2012

Net change in fund balances-total governmental funds (page 22)	\$2,406,019
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*Amounts reported for governmental activities in the  
statement of activities are different because:*

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Depreciation expense exceeded capital outlay expenditures in the current year as follows:

Expenditures for capital assets	761,736	
Depreciation expense	<u>(685,725)</u>	76,011

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.

Repaid	250,000
Interest on long-term debt in the Statement of Activities differs from the amount reported in the government funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.	4,250
Other postemployment benefit	<u>-444,511</u>

Change in net assets of governmental activities (page 19)	<u><u>\$2,291,769</u></u>
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See notes to financial statements

## Oelwein Community School District

Statement of Net Assets  
Proprietary Fund

June 30, 2012

	<u>School Nutrition</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 144,767
Accounts Receivable	-
Inventories	14,445
Capital assets, net of accumulated depreciation	<u>36,378</u>
<b>Total assets</b>	<u>195,590</u>
<b>Liabilities</b>	
Accounts payable	392
Net OPED liability	<u>4,174</u>
<b>Total liabilities</b>	<u>4,566</u>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	36,378
Unrestricted	<u>154,646</u>
<b>Total net assets</b>	<u>\$ 195,590</u>

See notes to financial statements

## Oelwein Community School District

Statement of Revenues, Expenses and Changes in Net Assets  
Proprietary Fund

Year ended June 30, 2012

	<u>School Nutrition</u>
Operating revenue:	
Local sources:	
Charges for service	\$ 270,207
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries and benefits	380,092
Purchased services	17,807
Supplies	308,632
Depreciation	9,404
Total operating expenses	<u>715,935</u>
Operating loss	<u>(445,728)</u>
Non-operating revenues:	
State sources	6,806
Federal sources	436,731
Interest income	263
Total non-operating revenues	<u>443,800</u>
Net income	(1,928)
Net assets beginning of year	<u>192,952</u>
Net assets end of year	<u>\$ 191,024</u>

See notes to financial statements



## Oelwein Community School District

Statement of Cash Flows  
Proprietary Fund

Year ended June 30, 2012

	<u>School Nutrition</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 270,207
Cash payments to employees for services	(380,092)
Cash payments to suppliers for goods or services	(282,835)
Net cash used in operating activities	<u>(392,720)</u>
Cash flows from non-capital financing sources:	
State grants received	6,806
Federal grants received	400,731
Net cash provided by non-capital financing activities	<u>407,537</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(6,655)
Net cash used by capital and related financing activities	<u>(6,655)</u>
Cash flows from investing activities:	
Interest on investments	<u>263</u>
Net increase in cash and cash equivalents	8,425
Cash and cash equivalents at beginning of year	<u>136,342</u>
Cash and cash equivalents at end of year	<u>\$ 144,767</u>

See notes to financial statements

Oelwein Community School District

Statement of Cash Flows  
Proprietary Fund

Year ended June 30, 2012

	<u>School Nutrition</u>
<b>Reconciliation of operating loss to net cash used in operating activities:</b>	
Operating loss	\$ (445,728)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities used	36,000
Depreciation	9,404
Decrease in inventories	11,362
(Decrease) in accounts payable	<u>(3,758)</u>
Net cash used in operating activities	<u>\$ (392,720)</u>

**Non-cash investing, capital and financing activities:**

During the year ended June 30, 2012, the District received \$36,000 of federal commodities.

See notes to financial statements

## Oelwein Community School District

Statement of Fiduciary Net Assets  
Fiduciary Funds

June 30, 2012

Private Purpose
Trust
Scholarship

**Assets**

Cash and pooled investments	\$ 16,959
Accrued interest receivable	94
Due from other governments	-
Total assets	17,053

**Liabilities**

Accounts payable	-
Due to other governments	-
Total liabilities	-

**Net Assets**

Reserved for scholarships	\$ 17,053
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See notes to financial statements



Oelwein Community School District  
Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds

Year ended June 30, 2012

	Private Purpose Trust Scholarship
Additions:	
Local sources:	
Other	\$ -
Interest	750
Total additions	<u>750</u>
Deductions:	
Support services:	
Scholarships awarded	<u>750</u>
Change in net assets	-
Net assets beginning of year	<u>17,053</u>
Net assets end of year	<u><u>\$ 17,053</u></u>

See notes to financial statements

## Notes to Financial Statements

Oelwein Community School District

Notes to Financial Statements

June 30, 2012

(1) Summary of Significant Accounting Policies

Oelwein Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served include the Cities of Oelwein, Hazleton, and Stanley, Iowa, and agricultural territory in Fayette and Buchanan Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Oelwein Community School has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. Oelwein Community School District has no component units that meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations — The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Fayette and Buchanan County Assessor's Conference Boards.

B. Basis of Presentation

Government-wide Financial Statements — The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.



Oelwein Community School District

Notes to Financial Statements

June 30, 2012

B. Basis of Presentation (continued)

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in the following categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds. Combining schedules are also included for the capital project fund accounts.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the District's general long-term debt.

Oelwein Community School District

Notes to Financial Statements

June 30, 2012

B. Basis of Presentation (continued)

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

The District reports the following major proprietary fund:

The District's proprietary fund is the Enterprise, School Nutrition Fund. This fund is used to account for the food service operations of the District.

The District also reports fiduciary funds which focus on the net assets and changes in net assets. The District's fiduciary funds include the following:

The Private-Purpose Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general



Oelwein Community School District

Notes to Financial Statements

June 30, 2012

C. Measurement Focus and Basis of Accounting (continued)

long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues.

Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restricted classifications – committed, assigned and then unassigned fund balances.

The proprietary fund of the District applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.



Oelwein Community School District

Notes to Financial Statements

June 30, 2012

D. Assets, Liabilities and fund Equity (continued)

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, they have a maturity date no longer than three months.

Property Tax Receivable – Property tax in the governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2010 assessed property valuations; is for the tax accrual period July 1, 2011 through June 30, 2012 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2011.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets – Capital assets, which include property, furniture, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of

Oelwein Community School District

Notes to Financial Statements

June 30, 2012

D. Assets, Liabilities and fund Equity (continued)

the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Capital Assets (continued)

Asset Class	Amount
Land	\$ 2,500
Buildings	2,500
Improvement other than buildings	2,500
Intangibles	50,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	2,500

Capital Assets are depreciated using the straight line method of depreciation over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 Years
Improvements other than buildings	20-50 Years
Intangibles	5-10 Years
Furniture and equipment	5-15 Years

Salaries and Benefits Payable – Payable and related expenditures for teachers with annual contracts corresponding to the current school year, which is payable in July and August, have been accrued as liabilities.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivables and other receivables not collected within sixty days after year end.

Deferred revenue on the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.



Oelwein Community School District

Notes to Financial Statements

June 30, 2012

D. Assets, Liabilities and fund Equity (continued)

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired.

Compensated Absences (continued)

The compensated absences liability has been computed based on rates of pay in effect at June 30, 2012. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Long-term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Fund Equity – In the governmental fund financial statements, fund balances are classified as follows:

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts which can be used only for specific purposes determined pursuant to constraints formally imposed by the Board of Education through resolution approved prior to year end. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same action if employed to commit those amounts

Unassigned – All amounts not included in other spendable classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

(2) Cash and Pooled Investments

The District's deposits in banks at June 30, 2012 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.



Oelwein Community School District

Notes to Financial Statements

June 30, 2012

(2) Cash and Pooled Investments (continued)

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-ended management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2012, the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio which are valued at an amortized cost of \$24,508 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investments in the Iowa Schools Joint Investment Trust were both rated AAAM by Standard & Poors Financial Services.

(3) Due From and Due to Other Funds

There were no interfund receivable or payable balances at June 30, 2012.

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2012 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects	<u>\$279,389</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

(5) Iowa School Cash Anticipation Program (ISCAP)

The District participates in the Iowa Schools Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. Bankers Trust Co. NA, is the trustee for the program.

The District pledges its state foundation aid payments and General Fund receipts as security for the warrants issued. Repayments must be made when General Fund receipts are received. The District must make minimum warrant repayments on the 25<sup>th</sup> of each month immediately following the final date the warrant proceeds may be used in an amount equal to 25% of the warrant amount.

Oelwein Community School District

Notes to Financial Statements

June 30, 2012

(5) Iowa School Cash Anticipation Program (ISCAP) (continued)

The Series 2011-2012A included taxable and tax-exempt warrants. The District did not participate in the issuance of the taxable warrants. The interest rates on the taxable Series 2011-2012A and taxable Series 2011-2012B warrants are variable rates, calculated daily, based on the one-month LIBOR rate plus 100 basis points.

A summary of the District's ISCAP activity for the year ended June 30, 2012 is as follows:

Series	Warrant Date	Final Warrant Maturity	Investment	Accrued Interest Receivable	Warrants Payable	Accrued Interest Payable
2011-12A	6/30/2011	6/23/2012	\$ -	-	-	-
2011-12B	1/26/2012	1/25/2013	-	-	-	-
Total			<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

(6) Capital Assets

Capital asset activity for the year ended June 30, 2012 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End Of Year
Governmental activities				
Capital assets not being Depreciated				
Land	\$ 879,013	25,480	25,480	879,013
Total capital assets not Being depreciated	<u>879,013</u>	<u>25,480</u>	<u>25,480</u>	<u>879,013</u>
Capital assets being Depreciated				
Buildings	15,689,618	565,421	-	16,255,039
Furniture & equipment	2,762,701	196,315	56,634	2,902,382
Total capital assets Being depreciated	<u>18,452,319</u>	<u>761,736</u>	<u>56,634</u>	<u>19,157,421</u>
Less accumulated Depreciation for:				
Buildings	5,457,546	477,342	-	5,934,888
Furniture & equipment	1,859,028	208,383	56,634	2,010,777
Total accumulated Depreciation	<u>7,316,574</u>	<u>685,725</u>	<u>56,634</u>	<u>7,945,665</u>
Total capital assets Being depreciated, net	<u>11,135,745</u>	<u>76,011</u>	<u>-</u>	<u>11,211,756</u>
Governmental activities Capital assets, net	<u>\$ 12,014,758</u>	<u>76,011</u>	<u>-</u>	<u>12,090,769</u>



# Oelwein Community School District

## Notes to Financial Statements

June 30, 2012

### (6) Capital Assets (continued)

	Balance Beginning of Year, as restated	Increase	Decrease	Balance End Of Year
Business-type activities:				
Furniture & Equipment	\$ 183,841	6,655	-	190,496
Less accumulated depreciation	144,714	9,404	-	154,118
Business-type activities				
Capital assets, net	\$ 39,127	(2,749)	-	36,378

Depreciation expense was charged by the District as follows:

Governmental activities	
Instruction:	
Regular	\$ 598,422
Special	640
Support Activities	
Administration	1,723
Operation and maintenance of plant	9,699
Transportation	75,241
Total governmental activities depreciation expense	\$ 685,725
Business-type activities:	
Food services	\$ 9,404

### (7) Long-Term Liabilities

Changes in Long-term liabilities for the year ended June 30, 2012 are summarized as follows:

	Balance Beginning Of Year	Additions	Reductions	Balance End Of Year	Due Within One Year
Revenue bonds	\$ 780,000	-	250,000	530,000	260,000
Revenue bonds	1,000,000	-	-	1,000,000	-
Net OPED Liability	51,827	444,511	-	496,338	-
<b>Total</b>	<b>\$1,831,827</b>	<b>444,511</b>	<b>250,000</b>	<b>2,026,338</b>	<b>260,000</b>
	Balance Beginning Of Year	Additions	Reductions	Balance End Of Year	Due Within One Year
Business Type activities:					
Net OPEB liability	\$ 4,174	-	-	4,174	-

### Early Retirement

The District offered a one-time voluntary early retirement plan to its certified employees for the 2011/2012 school year only. Eligible employees must have completed 15 fulltime equivalent years of teaching service to the District as a certified employee. The employee must have attained the age of fifty-five (55) as of the date of retirement, which must be no later than August 1, 2011. Employees must complete an application which is required to be approved by the Board of Education. The early retirement incentive for each eligible employee consists of \$600 per month for a maximum of 60 months or the attainment of age 65 to a health reimbursement account in the employee's name. Early retirement benefits paid during the year ended June 30, 2012 totaled \$153,549. The cost of early retirement payments expected to be liquidated currently are

Oelwein Community School District

Notes to Financial Statements

June 30, 2012

(7) Long-Term Liabilities (continued)

recorded as a liability of the Special Revenue, Management Levy Fund. The benefits payable at June 30, 2012 is estimated to be \$151,600.

LOCAL OPTION SALES TAX REVENUE BONDS DATED JULY 1, 2005

The Oelwein Community School District received proceeds of \$1,900,000 from the issue of local option sales tax revenue bonds issued July 1, 2005.

Details of the District's June 30, 2012 local option sales and services tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2013	3.50	\$ 260,000	14,270	274,270
2014	3.60	270,000	4,860	274,860
Total		\$ 530,000	19,130	549,130

The local option sales and services tax revenue bonds were issued for the purpose of defraying a portion of the cost of school infrastructure. The bonds are payable solely from the proceeds of the local option sales and services tax revenues received by the District. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District.

The resolution providing for the issuance of the local option sales and services tax revenue bonds includes the following provisions:

- \$190,000 of the proceeds from the issuance of the revenue bonds shall be deposited to the Reserve Account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the Sinking Account. The balance of the proceeds shall be deposited to the Project Account
- All proceeds from the local option sales and services tax shall be placed in a Revenue Account.
- Monies in the Revenue Account shall be disbursed to make deposits into a Sinking Account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- Any monies remaining in the Revenue Account after the required transfer to the Sinking Account may be transferred to the Project Account to be used for any lawful purpose.

The District did comply with all of the provisions during the year ended June 30, 2012.



Oelwein Community School District

Notes to Financial Statements

June 30, 2012

(7) Long-Term Liabilities (continued)

LOCAL OPTION SALES TAX REVENUE BONDS, SERIES 2007 (Qualified Zone Academy Bonds)  
dated November 15, 2007

The Oelwein Community School District received proceeds of \$1,000,000 from the issue of revenue bonds dated 11/15/2007. This bond issue is being used for the purpose of defraying the cost of school infrastructure. The entire bond issue matures 11/17/2017 and to provide for the payment of the bonds at maturity there is established with the paying agent an irrevocable trust fund for the benefit of bond holders to be known as the "School Infrastructure Local Option Sales and Services Tax Revenue Bond Escrow Fund" to be invested at 3.88%. Annually, on July first of each year commencing July 1, 2008, there shall be deposited into the sinking fund \$84,530.12 to be invested in accordance with the rules of the Investment Agreement. The Escrow Fund is pledged to the payment of the bonds at maturity.

(8) Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 5.38% of their annual covered salary and the District is required to contribute 8.07% of annual covered salary. Contribution requirements are established by state statute. The District's contribution to IPERS for the years ended June 30, 2012, 2011, and 2010 were \$591,951, \$545,534, \$530,637, respectively, and were equal to the required contributions for each year.

(9) Other Postemployment Benefits (OPEB)

Plan Description: The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 161 active and 30 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage is provided through a fully-insured plan with Midwest Benefits Group. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy: The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Oelwein Community School District

Notes to Financial Statements

June 30, 2012

(9) Other Postemployment Benefits (OPEB) (continued)

Annual OPEB Cost and Net OPEB Obligation: The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2012, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contributions	\$ 161,560
Interest on net OPEB obligation	10,207
Adjustment to annual required contribution	(27,475 )
Annual OPEB cost	144,292
Contributions made	(52,078 )
Decrease in net OPEB obligation	92,214
Net OPEB obligation beginning of year	408,298
Net OPEB obligation end of year	<u>\$ 500,512</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2010. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2012.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2012 are summarized as follows:

Year Ended	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2009	\$156,832	0	\$ 156,832
June 30, 2010	156,832	0	313,663
June 30, 2011	94,635	32.94%	408,298
June 30, 2012	92,214	36.09%	500,512



Oelwein Community School District

Notes to Financial Statements

June 30, 2012

(9) Other Postemployment Benefits (OPEB) (continued)

Funded Status and Funding Program-As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2011 through June 30, 2012, the actuarial accrued liability was \$909,929, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$909,293. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$7,539,299, and the ratio of the UAAL to covered payroll was 12.1%. As of June 30, 2012, there were no trust fund assets.

Actuarial Methods and Assumptions-Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2010 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions includes a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%. The ultimate medical trend rate is 6%.

Mortality rates are from the 94 Group Annuity Mortality Table Projected to 2000, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2009 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2009.

Projected claim costs of the medical plan are \$348 per month for retirees less than age 65. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

Oelwein Community School District

Notes to Financial Statements

June 30, 2012

(10) Risk Management

Oelwein Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from the risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(11) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$538,839 for the year ended June 30, 2012 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.



## Required Supplementary Information

Oelwein Community School District  
 Budgetary Comparison Schedule of Revenues, Expenditures/Expenses  
 and Changes in Balances-Budget and Actual -All  
 Governmental Funds and Proprietary Fund  
 Required Supplementary Information  
 Year ended June 30, 2012

	Governmental Fund Types Actual	Proprietary Fund Type Actual
Revenues:		
Local sources	7,179,301	270,470
State sources	8,732,900	6,806
Federal sources	1,179,413	436,731
Total receipts	17,091,614	714,007
Expenditures:		
Instruction	9,383,997	-
Support services	3,923,518	-
Non-instructional programs	-	715,935
Other expenditures	1,378,080	-
Total expenditures	14,685,595	715,935
Excess (deficiency) of revenues over (under) expenditures	2,406,019	(1,928)
Other financing sources, net	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	2,406,019	(1,928)
Balances beginning of year	5,037,301	192,952
Balances end of year	7,443,320	191,024

See accompanying independent auditor's report

Total Actual	Budgeted Amounts		Final to Actual Variance- Positive Negative
	Original	Final	
7,449,771	7,255,869	7,255,869	193,902
8,739,706	9,322,021	9,322,021	(582,315)
1,616,144	1,020,000	1,020,000	596,144
17,805,621	17,597,890	17,597,890	207,731
9,383,997	11,293,800	11,293,800	1,909,803
3,923,518	5,647,977	5,647,977	1,724,459
715,935	853,852	853,852	137,917
1,378,080	1,843,540	1,843,540	465,460
15,401,530	19,639,169	19,639,169	4,237,639
2,404,091	(2,041,279)	(2,041,279)	4,445,370
-	-	-	-
2,404,091	(2,041,279)	(2,041,279)	4,445,370
5,230,253	3,230,315	3,230,315	1,999,938
7,634,344	1,189,036	1,189,036	6,445,308

See accompanying independent auditor's report



Oelwein Community School District

Notes to Required Supplementary Information – Budgetary Reporting

Year ended June 30, 2012

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standard Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust Fund. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

During the year ended June 30, 2012, expenditures did not exceed the amounts budgeted.

Oelwein Community School District  
Schedule of Funding Progress for the  
Retiree Health Plan

Year ended June 30, 2012

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage Of Covered Payroll ((b-a)/c)
2011	July 1, 2010	-	\$ 960,316	\$ 960,316	0.00	\$ 7,984,518	12.02%
2012	July 1, 2010	-	909,929	\$ 909,929	0.00	7,539,299	12.07%

See Note 9 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPED Cost and Net OPED Obligation, funded status and funding progress.

See accompanying independent auditor's report.

Oelwein Community School District



## Oelwein Community School District

Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2012

	Special Revenue		
	Management Levy	Student Activity	Total
<b>Assets</b>			
Cash and pooled investments	\$ 339,318	456,962	796,280
Receivable:			
Property tax:			
Delinquent	6,520	-	6,520
Succeeding year	500,000	-	500,000
<b>Total assets</b>	<b>845,838</b>	<b>456,962</b>	<b>1,302,800</b>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities:</b>			
Accounts payable	-	-	-
Salaries and benefits payable	151,600	-	151,600
Deferred revenue:			
Succeeding year property tax	500,000	-	500,000
Other	-	-	-
<b>Total liabilities</b>	<b>651,600</b>	<b>-</b>	<b>651,600</b>
<b>Fund balances:</b>			
Restricted for:			
Management levy purposes	194,238	-	194,238
Student activities	-	456,962	456,962
<b>Total Fund Balances</b>	<b>194,238</b>	<b>456,962</b>	<b>651,200</b>
<b>Total liabilities and fund balances</b>	<b>\$ 845,838</b>	<b>456,962</b>	<b>1,302,800</b>

See accompanying independent auditor's report

## Oelwein Community School District

Combining Schedule of Revenues, Expenditures  
and Changes in Fund Balances  
Nonmajor Governmental Funds

Year ended June 30, 2012

	Special Revenue		
	Management Levy	Student Activity	Total
Revenues:			
Local sources:			
Local tax	\$ 349,837	-	349,837
Other	22,232	508,821	531,053
State sources	316	-	316
Total revenues	372,385	508,821	881,206
Expenditures:			
Current:			
Instruction:			
Regular	143,148	-	143,148
Special	-	-	-
Other	-	466,142	466,142
Support services:			
Administration	115,854	-	115,854
Operation and maintenance of plant	88,158	-	88,158
Total expenditures	347,160	466,142	813,302
Excess (deficiency) of revenues over (under) expenditures	25,225	42,679	67,904
Fund balances beginning of year	169,013	414,283	583,296
Fund balances end of year	\$ 194,238	456,962	651,200

See accompanying independent auditor's report

## Oelwein Community School District

Combining Balance Sheet  
Capital Project Accounts

June 30, 2012

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
<b>Assets</b>			
Cash and pooled investments	\$ 1,764,650	613,757	2,378,407
Receivable:			
Property tax:			
Delinquent	-	4,006	4,006
Succeeding year	-	449,690	449,690
Due from other governments	-	-	-
<b>Total assets</b>	<b>1,764,650</b>	<b>1,067,453</b>	<b>2,832,103</b>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities:</b>			
Accounts payable	64,611	-	64,611
Deferred revenue:			
Succeeding year property tax	-	449,690	449,690
Other	-	-	-
<b>Total liabilities</b>	<b>64,611</b>	<b>449,690</b>	<b>514,301</b>
<b>Fund balances:</b>			
Restricted for:			
Debt service	529,947		529,947
School infrastructure	1,170,092	-	1,170,092
Physical plant and equipment	-	617,763	617,763
<b>Total fund balances</b>	<b>1,700,039</b>	<b>617,763</b>	<b>2,317,802</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,764,650</b>	<b>1,067,453</b>	<b>2,832,103</b>

See accompanying independent auditor's report



Oelwein Community School District  
Combining Schedule of Revenues, Expenditures  
and Changes in Fund Balances  
Capital Project Accounts

Year ended June 30, 2012

	Capital Projects		
	Statewide	Physical	
	Sales, Service	Plant and	
	and Use Tax	Equipment	
		Levy	Total
Revenues:			
Local sources:			
Local tax	\$ 1,018,405	450,569	1,468,974
Other	49,279	142,267	191,546
State sources	-	193	193
Federal sources	25,000	-	25,000
Total revenues	1,092,684	593,029	1,685,713
Expenditures:			
Instruction:			
Regular instruction	-	33,318	33,318
Support services:			
Administration	-	55,248	55,248
Operation and maintenance of plant services	71,728	218,315	290,043
Transportation	-	86,708	86,708
Other expenditures:			
Facilities acquisition	539,648	25,773	565,421
Total expenditures	611,376	419,362	1,030,738
Excess (deficiency) of revenues over (under) expenditures	481,308	173,667	654,975
Other financing sources (uses)			
Operating transfers out	(279,389)	-	(279,389)
Excess of revenues and other financing sources over expenditures and other financing sources	201,919	173,667	375,586
Fund balances beginning of year	1,498,120	444,096	1,942,216
Fund balances end of year	\$ 1,700,039	617,763	2,317,802

See accompanying independent auditor's report

Oelwein Community School District  
 Schedule of Changes in Special Revenue Fund  
 Student Activity Accounts  
 Year ended June 30, 2012

	Balance Beginning of Year	Intra- Fund Transfers	Revenues	Expenditures	Balance End Year
<u>Central Office</u>					
Americorp	\$ -	-	-	-	-
Alternative School	1,076	-	773	637	1,212
Alternative School Activity	35	-	40	-	75
Food and Fitness	2,691	-	4,381	4,196	2,876
Miscellaneous Revolving Receipts	7,180	-	-	-	7,180
District Football	-	-	-	-	-
Elementary Building Account	45,559	-	68,387	41,698	72,248
LHLC Building Account	-	-	-	-	-
K-1 Building Account	11,612	-	14,537	23,448	2,701
Old Creamery	2,640	-	3,192	1,373	4,459
Office Account	-	444	323	766	1
Safety Fair	265	29	287	581	-
Fuel Up To Play	-	-	5,681	3,587	2,094
Husky Hub Center	6,049	(29)	2,919	7,326	1,613
Transfers-Central Office	-	-	-	-	-
Total	77,107	444	100,520	83,612	94,459
<u>Senior High Activity</u>					
Ag Department	27,898	-	61,941	55,049	34,790
Athletic Equipment	10,194	10,000	2,443	8,256	14,381
General Activities	1,699	(3,565)	78,084	35,736	40,482
Annual	4,149	-	10,304	9,272	5,181
Band Club	6,663	-	11,496	9,904	8,255
Student Council	192	2,074	1,515	3,781	-
Distributive Ed. Club	4,110	-	23,747	18,485	9,372
Football Club	8,947	(1,758)	13,610	16,582	4,217
Band Trip	4,838	-	-	-	4,838
Baseball	5,500	4,570	-	10,070	-
Basketball - Boys	3,500	778	-	4,278	-
Basketball - Girls	3,000	727	-	3,727	-
First Tech Challenge	954	-	2,961	1,150	2,765
Boys Track	1,000	-	-	996	4
Newspaper Club	3,495	-	1,627	1,200	3,922
Drama Club	8,047	-	543	1,204	7,386
Vocal Music Club	735	(593)	4,797	4,084	855
Bowling Club	-	50	840	890	-
Band	3,500	-	-	2,633	867
Baseball Club	19,825	(4,760)	7,873	8,425	14,513

See accompanying independent auditor's report

Oelwein Community School District  
Schedule of Changes in Special Revenue Fund  
Student Activity Accounts  
Year ended June 30, 2012

	Balance Beginning of Year	Intra- Fund Transfers	Revenues	Expenditures	Balance End Year
<u>Senior High Activity (Continued):</u>					
Basketball Club - Boys	1,576	(2,275)	12,708	10,489	1,520
Basketball Club - Girls	973	(151)	5,463	6,285	-
Concessions	80,259	(12,200)	42,102	26,983	83,178
Football	8,400	1,758	-	10,158	-
Cheerleader Club	4,431	-	3,280	5,536	2,175
Interest Revenue Account	28,826	-	1,895	-	30,721
Golf - Boys	1,100	330	-	1,430	-
Golf - Girls	1,100	174	-	1,274	-
Tournaments	9,551	-	7,305	3,469	13,387
Tournaments-Gates	-	-	32,175	32,017	158
Vocal Music	2,000	593	-	2,593	-
Class of 2012	2,778	-	-	1,069	1,709
Class of 2013	1,008	-	6,767	3,963	3,812
Class of 2014	-	-	3,018	2,156	862
Class of 2015	-	22	-	22	-
Wrestling Club	-	19	72	91	-
Volleyball Club	35	(372)	4,083	2,521	1,225
Softball Club	467	-	8,199	6,313	2,353
Track Club - Boys	-	2,187	3,398	1,224	4,361
Softball	3,150	-	-	2,067	1,083
Track - Girls	1,000	-	-	896	104
Wrestling	2,500	(20)	-	2,227	253
Cross Country Track - Girls & Boys	600	12	-	612	-
Tennis - Boys	350	-	445	80	715
Tennis Club-Boys	264	-	210	899	(425)
Boys Bowling	750	-	-	750	-
Miscellaneous	3,850	-	4,081	-	7,931
Newspaper	300	-	-	300	-
Speech	1,000	-	-	514	486
Lockers	3,283	-	-	-	3,283
Post Prom	502	-	-	-	502
Cheerleading	600	-	-	-	600
F.F.A. Grant	10,189	-	-	-	10,189
Drama	4,700	-	-	3,703	997
Girls Track Club	3,134	898	938	1,809	3,161
Academic Decathlon	100	-	2,000	-	2,100
Art	32	-	-	-	32
Girls Bowling	750	186	-	936	-
Club Husky	1,693	-	-	338	1,355
Manufacturing Club	3,435	-	523	2,665	1,293
Tennis - Girls	350	-	-	80	270
Tennis Club-Girls	1,847	-	418	380	1,885
Volleyball	2,400	872	-	3,272	-
Total	307,529	(444)	360,861	334,843	333,103

See accompanying independent auditor's report



Oelwein Community School District  
 Schedule of Changes in Special Revenue Fund  
 Student Activity Accounts

Year ended June 30, 2012

	Balance Beginning of Year	Intra- Fund Transfers	Revenues	Expenditures	Balance End Year
<u>Middle School Activity</u>					
Track Fund	-	-	-	-	-
General Activities	15	7,533	19,830	27,378	-
Softball	-	-	-	-	-
Athletic Club	1,387	-	1,348	-	2,735
Drama	-	-	-	-	-
Activity Office	4,502	-	1,525	-	6,027
Annual	26	845	2,010	2,881	-
Band Club	1,511	-	3,212	1,936	2,787
Basketball	-	1,710	-	1,710	-
Football	-	2,122	-	2,122	-
Magazine Campaign	1,406	(6,900)	13,834	8,340	-
Interest Reserve Account	15,635	(7,111)	1,946	-	10,470
Student Council	709	-	-	27	682
Student Purchases	1,479	-	-	-	1,479
Track	-	490	-	490	-
Vocal Music	-	146	-	146	-
Wrestling	-	455	-	455	-
6-7-8 Club	-	-	-	-	-
Band	-	380	-	380	-
UIU Mentoring	-	-	1,300	-	1,300
Donations	363	-	250	-	613
Vocal Music Club	2,614	-	2,185	1,492	3,307
Volleyball	-	330	-	330	-
Total	29,647	-	47,440	47,687	29,400
Total Student Activity	414,283	-	508,821	466,142	456,962

See accompanying independent auditor's report

## Oelwein Community School District

Schedule of Revenues by Source and Expenditures by Function  
All Governmental Fund Types

For the Last Five Years

	Modified Accrual Basis				
	2012	2011	2010	2009	2008
<b>Revenues:</b>					
Local sources:					
Local tax	\$ 5,897,913	\$ 5,545,934	\$ 5,270,409	\$ 5,089,924	\$ 5,026,687
Tuition	213,136	148,283	152,508	144,555	199,440
Other	1,068,252	877,715	921,754	864,977	1,236,568
State sources	8,732,900	8,456,138	7,710,706	8,711,974	8,008,172
Federal sources	1,179,413	1,061,070	1,582,359	760,013	667,015
Total	\$ 17,091,614	\$ 16,089,140	\$ 15,637,736	\$ 15,571,443	\$ 15,137,882
<b>Expenditures:</b>					
Instruction:					
Regular instruction	\$ 5,202,123	\$ 5,310,052	\$ 5,420,514	\$ 5,830,824	\$ 5,615,027
Special instruction	2,895,567	3,058,804	3,000,309	2,928,251	2,585,222
Other instruction	1,286,307	1,242,834	1,367,140	1,379,519	1,483,990
Support services:					
Student services	278,264	268,869	285,839	319,140	318,611
Instructional staff services	347,111	377,731	408,606	273,485	294,368
Administration services	429,383	368,107	445,857	381,319	349,962
School administration	664,868	727,306	721,768	696,674	730,314
Business administration	336,025	448,200	304,697	324,525	301,633
Operation and maintenance of plant services	1,403,449	1,236,416	1,094,763	1,170,718	1,149,626
Transportation services	464,418	387,891	572,093	409,235	362,915
Non-instructional programs	-	-	-	-	-
Other expenditures:					
Facilities acquisition	565,421	397,467	28,993	1,414,502	1,260,619
Long-term debt:					
Principal	250,000	425,000	704,224	681,627	649,793
Interest and other charges	23,820	43,187	75,049	105,651	184,408
AEA flowthrough	538,839	602,564	604,776	538,116	512,133
Total	\$ 14,685,595	\$ 14,894,428	\$ 15,034,628	\$ 16,453,586	\$ 15,798,621

See accompanying independent auditor's report

Oelwein Community School District  
Schedule of Expenditures of Federal Awards  
Year ended June 30, 2012

Grantor/Program	CFDA Number	Grant Number	Expenditures
Indirect:			
U.S. Department of Agriculture:			
School Nutrition Cluster Programs			
School Breakfast Program	10.553	FY12	\$ 40,527
National School Lunch Program	10.555	FY12	* 396,204
			<u>436,731</u>
U.S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	FY12	<u>434,813</u>
Special Education-Grants to States	84.027	FY12	<u>73,588</u>
Career and Technical Education	84.048	FY12	<u>4,810</u>
Iowa Demonstration Construction Grant	84.215	FY12	<u>5,773</u>
Title IIA-Federal Teacher Quality Program	84.367	FY12	<u>81,396</u>
Rural Education Achievement Program	84.358	FY12	<u>26,709</u>
Title IIIIE-Tech Prep	84.243	FY12	<u>4,298</u>
Title VIA	84.369	FY12	<u>8,002</u>
Education Jobs Fund	84.410	FY12	<u>285,038</u>
Safe and Supportive Schools	84.184	FY12	<u>16,111</u>
Title XIX Medicaid Direct	93.778	FY12	<u>220,620</u>
Total			<u>\$ 1,597,889</u>

\*-Includes \$45,264 of non-cash awards.

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Oelwein Community School District and is presented on the accrual or modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report



James R. Ridihalgh, C.P.A.  
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Independent Auditor's Report on Internal Control over  
Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in  
Accordance with Government Auditing Standards

To the Board of Education of  
Oelwein Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Oelwein Community School District as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated November 28, 2012. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

The management of Oelwein Community School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Oelwein Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Oelwein Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Oelwein Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We noted no deficiencies in internal control over financial reporting that we consider to be significant deficiencies and other deficiencies we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis.

A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We noted no matters involving internal control over financial reporting and its operation that we consider to be material weaknesses.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Oelwein Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2012 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Oelwein Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit Oelwein Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Oelwein Community School District and other parties to whom Oelwein Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Oelwein Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

*Ridihalgh, Fuelling, Snitker, Weber & Co., P.C.*

Ridihalgh, Fuelling, Snitker, Weber & Co., P.C.  
Certified Public Accountants

November 28, 2012



James R. Ridihalgh, C.P.A.  
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Independent Auditor's Report on Compliance with Requirements That Could  
Have a Direct and Material Effect on Each Major Program and on Internal  
Control over Compliance In Accordance with OMB Circular A-133

To the Board of Education of  
Oelwein Community School District:

Compliance

We have audited Oelwein Community School District's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of Oelwein Community School District's major federal programs for the year ended June 30, 2012. Oelwein Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Oelwein Community School District's management. Our responsibility is to express an opinion on Oelwein Community School District's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Oelwein Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Oelwein Community School District's compliance with those requirements.

In our opinion, Oelwein Community School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

The management of Oelwein Community School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Oelwein Community School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Oelwein Community School District's internal control over compliance.

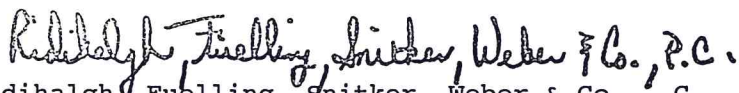


Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. We noted no deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in the District's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. We noted no deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs that we consider to be material weaknesses.

Oelwein Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit Oelwein Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Oelwein Community School District and other parties to whom Oelwein Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

  
Ridihalgh, Fuelling, Snitker, Weber & Co., P.C.  
Certified Public Accountants

November 28, 2012

OELWEIN COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2012

Part I: Summary of the Independent Auditor's Results

- a) Unqualified opinions were issued on the financial statements.
- b) No significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements.
- c) The audit did not disclose any noncompliance which is material to the financial statements.
- d) No significant deficiencies in internal control over major programs were disclosed by the audit of the financial statements.
- e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- f) The audit disclosed no audit findings, which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- g) Major programs were as follows:
  - CFDA Number 84.010 — Title I Grants to Local Educational Agencies
  - Clustered programs:
    - CFDA Number 10.553 School Breakfast Program
    - CFDA Number 10.555 National School Lunch Program
- h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- i) Oelwein Community School District did qualify as a low-risk auditee.

Part II: Findings Related to the Financial Statements:

INSTANCES OF NONCOMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

No reportable conditions.

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NONCOMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

No reportable conditions.

OELWEIN COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2012

Part IV: Other Findings Related to Required Statutory Reporting:

- IV-A-12 Official Depositories – Official depositories have been approved by the District. The maximum deposit amounts approved were exceeded at Fidelity Bank – Oelwein during the year ended June 30, 2012.

Recommendation – The depository resolution at Fidelity Bank – Oelwein should be increased so the District does not exceed the maximum deposit amounts.

Response – The District will increase the depository resolution at Fidelity Bank – Oelwein.

Conclusion – Response accepted.

- IV-B-12 Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

- IV-C-12 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

- IV-D-12 Business Transactions – Business transactions between the District and District officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
David Eick, Board Member	Bus Driver	\$ 2,881

The transaction with Board Member Eick appears to violate Chapter 279.7A of the Code of Iowa, which prohibits benefit of employment of a director to exceed \$2,500 in a fiscal year.

Recommendation – The District should consult legal counsel to determine the disposition of this matter.

Response – We will consult our attorney and the board member has agreed to repay the excess benefit.

Conclusion – Response accepted.

- IV-E-12 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.

- IV-F-12 Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.



OELWEIN COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2012

Part IV: Other Findings Related to Required Statutory Reporting: (continued)

- IV-G-12 Certified Enrollment - The Department of Education found 5 potential audit adjustments to the October, 2011 Certified Enrollment submitted by the District. One potential adjustment was for receiving double funding for the same course, but after review, this resulted in no adjustment because the same CCN(Common Course Number) had incorrectly been assigned to two different courses. Also, it was determined that one student should have been included in the count but was overlooked, one student was included in the count but changed to home school status prior to count date, one student was included in the count but was actually CPI Dual Enrolled, and one student that tuitioned out to AEA7 should have been included in the count. The net result is an increase in the Certified Enrollment of .48 students. The adjustment to budget enrollment will occur on the 2013-2014 aid and levy worksheet.
- IV-H-12 Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- IV-I-12 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the District's investment policy were noted.
- IV-J-12 Certified Annual Report - The Certified Annual Report was certified timely to the Iowa Department of Education.
- IV-K-12 Categorical Funding - No instances were noted of categorical funding being used to supplant rather than supplement other funds.
- IV-L-12 Statewide Sales, Services and Use Tax - No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted. Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. For the year ended June 30, 2012, the District's financial activity and other required information for the statewide sales, services and use tax revenue are as follows:

Beginning balance	\$ 1,498,120
Statewide sales, services and use tax	1,018,405
Interest Income	14,279
Harkin Grant	25,000
Donations and Miscellaneous Revenues	35,000
Expenditures/Transfers Out	
School infrastructure	(611,376)
Debt service for school infrastructure:	
Revenue debt	\$ (279,389)      (279,389)
Ending balance	\$1,700,039

The statewide sales, services and use tax revenue received during the year ended June 30, 2012 is equivalent to a reduction in the following levies:

	Per \$1,000 of	
	<u>Taxable Valuation</u>	<u>Property Tax Dollars</u>
Debt service levy	\$ 1.05	\$ 279,830

OELWEIN COMMUNITY SCHOOL DISTRICT

AUDIT STAFF

This audit was performed by:

Gene Fuelling, CPA  
David L. Fox, CPA